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**Louisiana Local Government
Environmental Facilities and
Community Development Authority
Baton Rouge, Louisiana
December 31, 2007**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-16-08

Table of Contents

Independent Auditor's Report	Page 3
Management's Discussion and Analysis	Page 5
Financial Statements	
Statements of Net Assets	Page 7
Statements of Activities	Page 8
Statements of Cash Flows	Page 9
Notes to Financial Statements	Page 10
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	Page 13
Schedule of Findings and Questioned Costs	Page 15
Schedule of Prior Year Findings	Page 16

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June 27, 2008

Independent Auditor's Report

Officers and Trustees
Louisiana Local Government Environmental Facilities
and Community Development Authority
Baton Rouge, Louisiana

We have audited the accompanying statements of net assets of the

**Louisiana Local Government Environmental Facilities
and Community Development Authority
(A Quasi-Public Organization)
Baton Rouge, Louisiana**

as of December 31, 2007 and 2006, and the related statements of activities, and cash flows for the years then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Local Government Environmental Facilities and Community Development Authority as of December 31, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 5 through 6 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report, dated June 27, 2008, 2008, on our consideration of the Louisiana Local Government Environmental Facilities and Community Development Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important in assessing the results of our audit.

Yours truly,

Hawthorn, Weymouth & Carroll, L.L.P.

**Louisiana Local Government Environmental Facilities
and Community Development Authority
Management's Discussion and Analysis**

The following is management's discussion and analysis of the financial performance of the Louisiana Local Government Environmental Facilities and Community Development Authority. It is presented as a narrative overview and analysis for the purpose of assisting the reader with interpreting key elements of the financial statements, including notes to the financial statements for the current year.

The mission of the Authority is "to provide economic development, infrastructure, and environmental facilities, to assist political subdivisions in constructing, extending, rehabilitating, repairing, and renewing infrastructure and environmental facilities, and to assist in the financing of such needs by political subdivisions of this state".

FINANCIAL HIGHLIGHTS

The Authority's total assets increased \$197,439, and unrestricted net assets increased by \$180,059.

Cash and cash equivalents increased \$180,544.

Total revenues increased \$465,586, primarily due to issuer fees which increased \$264,961.

Total expenses increased \$275,423.

OVERVIEW OF THE FINANCIAL STATEMENTS

An explanation of the financial statements is as follows:

Statements of Net Assets

This statement presents the assets, liabilities and net assets as of December 31, 2007 and 2006.

Statements of Activities

This statement presents the results of the Authority's operations during the years ended December 31, 2007 and 2006.

Statements of Cash Flows

This statement reflects the cash inflows and outflows for each year that have a direct impact on the cash account.

Notes to the Financial Statements

The notes provide additional information that is essential to a complete understanding of the data presented in the financial statements.

**Louisiana Local Government Environmental Facilities
and Community Development Authority
Management's Discussion and Analysis**

FINANCIAL ANALYSIS

**STATEMENTS OF NET ASSETS
DECEMBER 31, 2007, 2006 AND 2005**

	<u>2007</u>	<u>2006</u>	<u>2005</u>
TOTAL ASSETS	<u>\$608,154</u>	<u>\$410,715</u>	<u>\$431,755</u>
LIABILITIES	44,512	46,543	72,695
NET ASSETS	<u>563,642</u>	<u>364,172</u>	<u>359,060</u>
TOTAL LIABILITIES AND NET ASSETS	<u>608,154</u>	<u>410,715</u>	<u>431,755</u>

**STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2007, 2006, AND 2005**

	<u>2007</u>	<u>2006</u>	<u>2005</u>
OPERATING REVENUE	\$551,769	\$286,183	\$224,651
OPERATING EXPENSES	<u>338,665</u>	<u>298,232</u>	<u>272,155</u>
OPERATING INCOME (LOSS)	213,104	(12,049)	(47,504)
OTHER REVENUE (EXPENSES)	<u>(13,634)</u>	<u>17,161</u>	<u>13,087</u>
CHANGE IN NET ASSETS	<u>199,470</u>	<u>5,112</u>	<u>(34,417)</u>

REQUESTS FOR INFORMATION

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Louisiana Local Government Environmental Facilities and Community Development Authority, 8712 Jefferson Highway, Suite A, Baton Rouge, Louisiana, 70809-2233.

**Louisiana Local Government Environmental Facilities
and Community Development Authority
Statements of Net Assets
December 31, 2007 and 2006**

A s s e t s		<u>2007</u>	<u>2006</u>
Current Assets			
Cash		\$547,039	\$366,495
Accounts receivable		2,200	5,000
Prepaid expenses		<u>20,079</u>	<u>19,795</u>
		<u>569,318</u>	<u>391,290</u>
Fixed Assets			
Furniture and equipment		70,043	54,993
Less accumulated depreciation		<u>31,207</u>	<u>35,568</u>
		<u>38,836</u>	<u>19,425</u>
<u>Total assets</u>		<u>608,154</u>	<u>410,715</u>
Liabilities and Net Assets			
Current Liabilities			
Accounts payable		3,363	4,922
Other liabilities		<u>41,149</u>	<u>41,621</u>
<u>Total liabilities</u>		<u>44,512</u>	<u>46,543</u>
Net Assets			
Invested in capital assets, net of related debt		38,836	19,425
Unrestricted		<u>524,806</u>	<u>344,747</u>
<u>Total net assets</u>		<u>563,642</u>	<u>364,172</u>
<u>Total liabilities and net assets</u>		<u>608,154</u>	<u>410,715</u>

The accompanying notes are an integral part of these statements.

Louisiana Local Government Environmental Facilities
and Community Development Authority
Statements of Activities
Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
UNRESTRICTED		
Revenues		
Issuer fees	\$390,394	\$125,433
Application fees	1,375	750
Program administration fees	<u>160,000</u>	<u>160,000</u>
<u>Total revenues</u>	<u>551,769</u>	<u>286,183</u>
Expenses		
Management fees, dues, and subscriptions	1,771	1,030
Salaries	150,315	140,754
Employee benefits	49,413	43,098
Board per diem	19,700	10,650
Professional fees	15,978	14,280
Insurance	14,015	10,380
Travel	13,231	11,452
Member relations	12,394	5,748
Telephone	8,177	5,353
Depreciation	7,717	9,078
Rent	28,003	29,868
Other	<u>17,951</u>	<u>16,541</u>
<u>Total expenses</u>	<u>338,665</u>	<u>298,232</u>
<u>Operating income (loss)</u>	<u>213,104</u>	<u>(12,049)</u>
Other Revenue (Expenses)		
Interest income	20,859	16,693
Other income	200,497	468
Other expense	<u>(234,990)</u>	<u> </u>
<u>Total other revenue</u>	<u>(13,634)</u>	<u>17,161</u>
Change in Net Assets	199,470	5,112
Net Assets, beginning of year	<u>364,172</u>	<u>359,060</u>
Net Assets, end of year	<u>563,642</u>	<u>364,172</u>

The accompanying notes are an integral part of these statements.

**Louisiana Local Government Environmental Facilities
and Community Development Authority
Statements of Cash Flows
Years Ended December 31, 2007 and 2006**

	<u>2007</u>	<u>2006</u>
Cash Flows From Operating Activities		
Receipts from operations	\$754,569	\$243,683
Receipts from other sources	21,356	17,161
Payments to employees and employee-related costs	(200,200)	(174,692)
Payments for other operating expenses	<u>(368,053)</u>	<u>(109,657)</u>
<u>Net cash provided (used) by operating activities</u>	<u>207,672</u>	<u>(23,505)</u>
Cash Flows From Investing Activities		
Equipment purchases	<u>(27,128)</u>	<u>—</u>
<u>Net cash (used) by investing activities</u>	<u>(27,128)</u>	<u>—</u>
Net Increase (Decrease) in Cash	180,544	(23,505)
Cash, beginning of year	<u>366,495</u>	<u>390,000</u>
Cash, end of year	<u><u>547,039</u></u>	<u><u>366,495</u></u>
Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities		
Change in Net Assets	199,470	5,112
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	7,717	9,078
Change in operating assets and liabilities		
Accounts receivable	2,800	(5,000)
Prepaid expenses	(284)	(6,543)
Accounts payable	(1,559)	2,188
Other liabilities	<u>(472)</u>	<u>(28,340)</u>
<u>Net cash provided (used) by operating activities</u>	<u>207,672</u>	<u>(23,505)</u>

The accompanying notes are an integral part of these statements.

**Louisiana Local Government Environmental Facilities
and Community Development Authority
Notes to Financial Statements
December 31, 2007**

Note 1-Significant Accounting Policies

A. Background and Financial Statement Presentation

The Louisiana Local Government Environmental Facilities and Community Development Authority (the "Authority") was created by Louisiana Legislature R.S. 33:4548. The Authority, which is a political subdivision of the State of Louisiana, was created for the purpose of assisting political subdivisions in constructing, extending, rehabilitating, repairing, and renewing infrastructure, economic development and environmental facilities, and assisting in the financing of such needs by political subdivisions. Membership consists of municipalities, parishes, school boards and special districts.

The Authority has no taxing power and receives no appropriation from the State of Louisiana or any government body. Bonds issued by the Authority are limited obligations of the Authority payable only from income, receipts and assets pursuant to trust indentures related to each bond issue. Accordingly, these financial statements include only the financial position and operations of the Authority and are not intended to include or present assets, liabilities or activities of various bond issues. The outstanding principal balance at December 31, 2007 and 2006 for Pool Programs and Projects was approximately \$1,440,230,000 and \$1,039,540,000, respectively.

B. Basis of Accounting

The Authority is considered an enterprise fund and, accordingly, uses the accrual method of accounting. The Authority applies all applicable FASB pronouncements issued on or before November 30, 1989, in accounting for its operations unless those pronouncements conflict with or contradict GASB pronouncements.

On January 1, 2004, the Authority adopted the provisions of Statement No. 34 (Statement 34) of GASB, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments". Statement 34 established standards for external financial reporting for all state and local governmental entities, which include a statement of net assets, a statement of activities, and a direct method statement of cash flows. It requires the classification of net assets into three components - invested capital assets, net of related debt, restricted and unrestricted. These classifications are defined as follows:

- *Invested in capital assets, net of related debt.* This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- *Restricted.* This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted.* This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

The adoption of Statement 34 resulted in the previously reported unrestricted fund balance amount being reclassified to conform to the above net asset classifications.

**Louisiana Local Government Environmental Facilities
and Community Development Authority
Notes to Financial Statements
December 31, 2007**

Note 1-Significant Accounting Policies (Continued)

C. Cash and Cash Equivalents

For purposes of the statements of cash flows, cash includes cash in demand accounts with banks. The Authority considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

D. Issuer, Application and Program Fees

The Authority receives non-refundable issuer, application and program fees related to bond financing programs issued through the Authority. The Authority recognizes issuer, application and program fees as income when the respective bond programs are funded and the fees are earned.

E. Income Taxes

The Authority is exempt from federal and state income taxes.

F. Fixed Assets

The cost of fixed assets is depreciated over the estimated useful lives of the related assets using the straight-line method over estimated useful lives of 3 to 7 years.

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

H. Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Note 2-Furniture and Equipment

Furniture and equipment consist of the following:

	<u>2007</u>	<u>2006</u>
Vehicles	\$30,726	\$21,314
Computer equipment	15,631	15,631
Office equipment	<u>23,686</u>	<u>18,048</u>
	70,043	54,993
Less accumulated depreciation	<u>31,207</u>	<u>35,568</u>
<u>Total furniture and equipment</u>	<u>38,836</u>	<u>19,425</u>

**Louisiana Local Government Environmental Facilities
and Community Development Authority
Notes to Financial Statements
December 31, 2007**

Note 3-Multi-Employer Pension Plan

The Authority's full-time employees participate in Plan A of the Municipal Employee's Retirement System of Louisiana (the Plan), a multiple-employer municipal employee retirement system. The Authority's payroll for its employees covered by the Plan was \$152,320 and \$135,046 for the years ended December 31, 2007 and 2006, respectively.

All employees of the Authority are required to participate in the Plan if they are under the age of 60, are full-time employees, and are not participating in another publicly funded retirement system. Any employee can retire provided he or she meets one of the following criteria: 1) any age with 25 or more years of credited service, or 2) age 60 with a minimum of 10 years of credited service. Retirees are entitled to a retirement benefit, payable monthly for life, equal to 3% of the member's final compensation multiplied by his years of creditable service, not to exceed 100% of the member's final salary. Employees become fully vested after 10 years of service. The plan also provides survivor's and disability benefits. Covered employees are required to contribute a percentage of their salary to the Plan (the rate is determined by the Plan and can fluctuate). The contributions required for the Authority for the years ended December 31, 2007 and 2006, were \$37,613 and \$34,902, which consisted of \$30,090 and \$28,020, from the Authority and \$7,523 and \$6,882 from the employees, respectively.

Note 4-Lease

The Authority leases its premises under a net operating lease which expires March 15, 2009. Current monthly rental payments amount to \$2,104. Future minimum lease payment obligations for this lease are as follows:

2008	\$25,245
2009	6,311

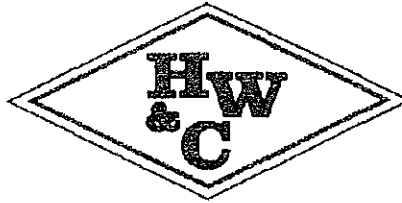
Rent expense for fiscal years 2007 and 2006 was \$28,003 and \$29,868, respectively.

Note 5-Concentration of Risk

At various times during the year, cash and cash equivalents on deposit with one banking institution exceeded the \$100,000 insured by the Federal Deposit Insurance Corporation. Management monitors the financial condition of the institution on a regular basis, along with its balances in cash and cash equivalents, to minimize potential risk.

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June 27, 2008

**Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Officers and Trustees
Louisiana Local Government Environmental Facilities
and Community Development Authority
Baton Rouge, Louisiana

We have audited the financial statements of the Louisiana Local Government Environmental Facilities and Community Development Authority as of and for the year ended December 31, 2007, and have issued our report thereon June 27, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Louisiana Local Government Environmental Facilities and Community Development Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Louisiana Local Government Environmental Facilities and Community Development Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Louisiana Local Government Environmental Facilities and Community Development Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, management, the Louisiana Legislative Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513 this report is distributed by the Legislative Auditor as a public document.

Yours truly,

Hawthorn, Waymouth & Carroll, L.L.P.

**Louisiana Local Government Environmental Facilities
and Community Development Authority
Schedule of Findings and Questioned Costs
December 31, 2007**

Findings - Financial Statement Audit

None.

**Louisiana Local Government Environmental Facilities
and Community Development Authority
Schedule of Prior Year Findings
December 31, 2007**

Findings - Financial Statement Audit

None.